

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

The Office of Field Policy and Management has a shared commitment to work together with the Fair Housing and Equal Opportunity Division to provide education and outreach on the Section 3 Program.

Section 3 was created by the Housing and Urban Development Act of 1968. For many years, HUD has ensured that economic opportunities generated from HUD funded projects be directed to low and very low-income persons – particularly those receiving assistance for housing.

The U.S. Department of Housing and Urban Development will continue to work with public housing authorities, local government entities, faith-based and community based organizations and contractors to encourage greater participation to assist the low and very-income persons and Section 3 concerns in our effort to provide economic opportunity a “Piece of the American Dream” for everyone.

HUD's Mission

**To increase homeownership, support
community development and increase access
to affordable housing free from
discrimination.**



Contact Us

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HUD's Issuance for Compliance and Non-Compliance

History


Failure to:

- Meet numerical goals;
- Ensure that contractors and subs comply with Section 3
- Notify Section 3 Business Concerns about contracting opportunities
- Notify potential contractors about Section 3 requirements
- Incorporate the Section 3 Clause in solicitations or contracts
- Train and/or employ Section 3 Residents
- Award contracts to Section 3 Business Concerns
- Provide preference for Section 3 Residents and Section 3 Businesses

Section 3

- Introduced to address social turmoil and economic distress
- 1968 – Became a provision of the HUD Act (12 U.S.C. 1701u – Section 3)
- 1994 – Regulation issued to establish standards and procedures: 24 CFR 135

Purpose of Section 3

 ensure that economic opportunities generated from HUD funded projects will be directed to low and very low-income persons – particularly those receiving assistance for housing.

Regulatory Issues

“Greatest extent feasible” language perceived as loophole

- Revision will require documentation.

Regulations perceived as “weak”

- This is an issue of enforcement: Non-compliance may lead to debarment, suspension or limited denial of participation pursuant to (24 CFR 24)

Eligibility For Employment and Contracting

A Section 3 resident must meet the
qualifications of the position to be filled.

A Section 3 business concern must have the
ability and capacity to perform successfully
under the terms and conditions of the proposed
contract.

Coverage of Law

Jobs!

appliance repair
florists/marketing
carpet installation/janitorial
photography/catering
landscaping/printing
computer/information
manufacturing/transportation

Training!

accounting/payroll
research/bookkeeping
purchasing/word processing

Contracts!

architecture
bricklaying/carpentry
cement/masonry
demolition
drywall/electrical
elevator construction
engineering/fencing
heating/iron works
machine operation
painting/plastering
plumbing/surveying
tile setting

Covered Programs

Each Program area within HUD has a responsibility to ensure that recipients of HUD funds comply with Section 3.

- **HOPE VI**
- **Capital Fund**
- **Community Development Block Grant**
- **HOME**
- **Section 202/811**
- **Lead Based Paint Abatement**

Minority Business Enterprise

- A minority business enterprise shall be required to present Section 3 certification to receive preference.
- Section 3 of the HUD Act is race-neutral.
- The preference provided by this federal act is based on income and location.

Minority Business Enterprise



Applicability to Entire Project

Section 3 requirements apply to the entire project or activity, regardless of whether it is fully or partially funded.

(Example: Leveraged private funds associated with HOPE VI or Community Development Block Grant.)

Section 3 requirements also apply to Indian Housing Authorities.

Definitions

Employment opportunities generated by Section 3 covered assistance.

- **Public and Indian Housing:** All employment opportunities – not limited to menial, low paying construction work.
- **Housing & Community Development:** Employment associated with building trades, including management and administrative support, architectural, engineering and professional services.

Definitions

Section 3 Resident

- **Public Housing Resident, or**
- **Resident of metro area or non-metro county in which the Section 3 covered assistance is expended, and who qualifies as a low-income or very low-income person.**

Section 3 Business

- **51% or more owned by Section 3 Residents, or**
- **30% of employed staff are Section 3 Residents; or**
- **25% of subcontracts committed to Section 3 Businesses**

Jobs, Training, & Contracting Opportunities

SECTION 3

Education, Outreach and Marketing Opportunities
For Resident Employment and Business



**Office of Small and Disadvantaged Business Utilization
(OSDBU)**

**Fair Housing and Equal Opportunity
(FHEO)**

**Office of Field Policy and Management
(FPM)**

Atlanta Region